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FIRST COUNTRY COOPERATION FRAMEWORK FOR CHILE (1997-1999)

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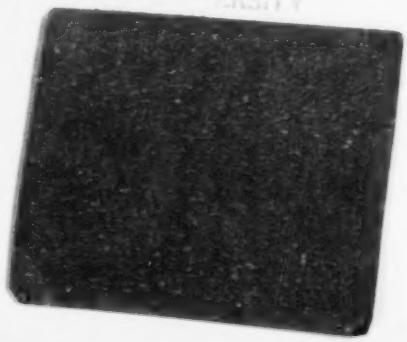

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INTRODUCTION

1. This document was prepared jointly with the International Cooperation Agency (AGCI) and the Ministry of Foreign Affairs, in consultation with the Office of the Minister-Secretary General of the Presidency and in collaboration with the office of the United Nations Development Programme (UNDP) Resident Representative in Chile.

I. DEVELOPMENT SITUATION FROM A SUSTAINABLE HUMAN DEVELOPMENT PERSPECTIVE

2. In the Human Development Report 1997, Chile ranked thirtieth among the countries of the world in terms of its human development index (HDI). This is the outcome of a process of capacity-building in terms of institutions, the economy, social organization and collective action. According to the 1996 National Socio-Economic Survey (CASEN), between 1987 and 1996 the percentage of poor people fell from 45.1 per cent to 23.2 per cent, as the poor population declined from 5.5 million to 3.3 million. In that same period, the indigent population shrank from 17.4 per cent to 5.8 per cent.

3. Since 1990, the State has emphasized its regulatory and leadership roles with respect to the economy; it has actively promoted the country's economic integration into regional trade alliances and signed bilateral free-trade agreements. However, there are still significant areas of vulnerability which undermine the sustainability of Chile's development: (a) income distribution is highly concentrated. At the end of 1996, the richest 20 per cent of households had 57 per cent of self-generated income, while the poorest 20 per cent received only 3.9 per cent. While brisk growth has helped to reduce poverty indexes, the rate of poverty reduction is still too slow in view of the need to strengthen democracy, eliminate pockets of exclusion and ensure continued freedom from social unrest; (b) there is a lack of equity in the human development situation of women. Chile's gender-related development index (GDI) ranking is 15 places lower than its HDI ranking; (c) the Chilean economy still requires changes in production patterns to lay the foundations for achieving competitiveness that begins at the grass-roots level with the people themselves, based on the incorporation of technology, skilled labour, the sustainable use of natural resources and a new export dynamic. The issues of environmental degradation and the rational use of resources are constantly debated at all levels of society, given their direct repercussions on poverty and the economic model adopted.

4. As a follow-up to the World Summit for Social Development, the President established the Inter-Ministerial Social Committee and the National Council for Poverty Elimination, which will provide advisory services to the President's office. The Council will address, inter alia, ways of ensuring complementarity between the Government's efforts and those of the rest of society. Moreover, the Government has emphasized social investment and measures to promote the development of production, incorporating criteria such as integrated action, coordination between sectors and with the private sector and participation by the beneficiaries or populations affected.

5. The UNDP report Human Development in Chile 1996 notes that the distribution of human development in the country's territory is asymmetrical, that this imbalance widens and worsens social inequities and that it is reflected with even greater intensity in regional competitiveness. This situation might have caused further distortions in the country's human development achievements if the State had not taken corrective action in the form of social expenditure.

II. RESULTS AND LESSONS OF PAST COOPERATION

6. It is important to note that the fifth technical cooperation programme focused on decentralization through a programme of support for the 13 regional governments (PADERE), which yielded information on regional needs and strengths and on the legal and operational limitations imposed by the central political authority on decisions taken at the regional level.

7. The lessons learned in the fifth cycle show that the set of variables associated with competitiveness has a significant impact on reducing the extreme poverty which persists in the country. Therefore, the new programme should increase support for this area of activity by modifying the projects carried out under the PADERE programme to adapt them to new circumstances as they emerge. Likewise, work at the level of local administrative districts (comunas), represented by their municipal governments, will probably yield the greatest benefits, since competitiveness has significant geographical implications and is a precondition for achieving human development.

8. During the fifth programme, the national execution modality was used in nearly all of the projects. As indicated in the document on the mid-term review of the country programme for Chile, prepared in December 1995, the experience and infrastructure of UNDP were used to free national counterpart staff from bureaucratic obstacles and public-sector controls. This led to considerable improvements in the implementation of government programmes.

III. PROPOSED STRATEGY AND THEMATIC AREAS

9. Chile is progressing towards full integration into the world economy. This integration and the transition to the international scale go well beyond economic issues. The ability to compete successfully in world markets will depend, to a large extent, on the country's systemic capacity to integrate the roles of the State with those of entrepreneurs, as well as the capacity, preparation and creativity of the workforce. This represents an excellent opportunity for multilateral external cooperation, in view of the latter's experience, neutrality and sphere of action.

10. The chief contribution which UNDP can make in Chile, considering the current level of the country's macroeconomic indicators, is to help develop, strengthen and modernize endogenous capacity to achieve full development and to reach poverty-eradication goals in the shortest possible time, while respecting the strategic programme guidelines of UNDP. Accordingly, the programmes will be carried out in complementary programme areas, each of which will cover a number of issues with shared environmental and gender components.

11. UNDP can contribute significantly to the success of national development programmes by providing assistance, under cost-sharing arrangements, for the following high-impact programmes and projects, which make up the core of the Government's programme for the period 1997-2000:

(a) Poverty reduction. The main component in this area is the improvement of conditions of production and productivity, especially for self-employed workers. What has occurred in recent years has been the "easy" phase of poverty reduction, since increases in income were an effect of the country's economic development and the decline in unemployment;

(b) Education. Education is the best means of preventing the inter-generational transmission of unequal income distribution. Currently, education is even more sharply differentiated than the distribution of economic income;

(c) Social programmes. Existing social programmes have various sources of financing; however, they require deeper conceptualization, more modern and less bureaucratic administrative structures and a focus on ongoing assessment of their approaches;

(d) Social integration and citizenship. An integrated and equitable society requires more gradations in social strata so that individuals in poor sectors have prospects for mobility. It is therefore necessary to set up integrated public forums where the most diverse sectors of society can meet and participate;

(e) Capacity-building at the municipal level. Municipalities are one of the most important public institutional instruments for implementing social policies; however, many of the country's 344 municipalities currently lack the full professional, technical and administrative capacity they need to act as decentralized instruments of social policy;

(f) Environmental protection. Environmental conditions strongly influence the population's quality of life, since environmental degradation undermines people's health and well-being. However, such degradation also undermines production and productivity in the economy and tarnishes the country's international image. It is therefore necessary to ensure that environmental management instruments function efficiently.

12. As a new arrangement for structuring cooperation between UNDP and the Government of Chile, the Government will make a direct contribution in the amount of approximately $4 million. Moreover, extrabudgetary resources from other UNDP-administered funds and cost-sharing with the various national counterparts that will participate in specific projects will bring the amount to about $66.7 million for the triennium 1997-1999.

13. The Government has decided that UNDP cooperation with Chile in the period 1997-1999 should focus basically on three areas, within which projects will be carried out to strengthen the Government's actions in key fields where UNDP capacity is considered irreplaceable.

A. Public administration

14. Government Plan of Action 1997-2000. UNDP cooperation will strengthen the Government's capacity to formulate, coordinate, execute and monitor the country's development plans and to anticipate their potential social, political, cultural, environmental and economic effects.

15. Modernization of public administration and readaptation of the State. It is necessary to implement human resources policies, improve the quality of services for the user, increase access to services by establishing units to provide clear and prompt information and guidance to the public and set up simple, effective and widely disseminated mechanisms for lodging complaints. UNDP cooperation in this programme will focus on the following projects: (a) computerization of mechanisms for coordination among the various public actors; (b) modernization of the management of planning and the human resources policy of the Ministry of Foreign Affairs; (c) strengthening of the Chilean Port Corporation to modernize its structure and adapt its management to the challenges of integration with the economies of neighbouring countries; and (d) development of civil aviation infrastructure to optimize national capacity in the area of air safety and to achieve high standards in the rules, regulations and procedures relating to the civil aviation system.

16. There is consensus on the need for balanced development throughout Chile's territory to ensure national growth and on the need to intensify decentralization through a new phase of the PADERE programme which will expand the activities begun under the fifth cooperation programme, taking into account Chile's human development index disaggregated by region and the need to improve living standards. In this connection, the regional governments will be supported in their efforts to achieve the national Government's goal of increasing the proportion of investments based on regional decisions from 26.6 per cent in 1996 to 42 per cent in the year 2000.

17. The activities to support local government administration, which began in the eighth region (Bío-Bío), will be continued in order to build the municipalities' operational capacity to help deliver products and services which have high priority for local governments. It is expected that, by the end of the triennium, some 30 per cent of the country's municipalities will have been incorporated into the regional association plan. In the framework of this initiative and with financing from the United Nations Development Fund for Women (UNIFEM), the empowerment of women politicians (town councillors) in that region will be supported with a view to formally establishing a regional councilwomen's organization; establishing women's offices in the municipalities; creating opportunities for reflection on gender issues; training councilwomen to enhance their leadership role; preparing a collective proposal for the National Assembly of Councilwomen of the Chilean Association of Municipalities; promoting employment, particularly among rural women heads of households; and addressing the problem of domestic violence.

18. The expected impact on completion of UNDP cooperation in the area of public administration is greater efficiency in the implementation of the public policies which have been updated, reoriented and given priority in the Plan of Action 1997-2000, which will support the Government's overall management.

Specific plans will have been formulated for each sector and the Plan will be efficiently monitored, especially in the most sensitive areas: decentralization, health care, environment and education, with emphasis on effective programme coordination of government management.

B. Social programme

19. Human development report. In 1997, the report will deal with human security and progress towards better quality of life as a result of the consequences of the recent economic and social transformations in Chile in terms of security in people's everyday lives. Part of the document will refer to gender issues and will analyse uncertainty from women's point of view. This study will be carried out with the support of the agencies of the United Nations system present in Chile. The yearly preparation of these reports is planned to continue over the next few years, with a central theme for each report.

20. Support for vulnerable groups. UNDP action will be oriented towards, on the one hand, supporting the design and opening of a Model Training and Development Centre for Older Adults, and on the other hand, providing support to persons with disabilities. Also, using funds provided by the United Nations Population Fund (UNFPA), UNDP will continue to promote the issue of gender and reproductive health, particularly the prevention of pregnancies and HIV/AIDS among adolescents, pursuant to the Cairo Programme of Action and the Beijing Platform for Action.

21. Support for the National Council for Poverty Elimination. With UNDP help, efforts will be made to set up networks of private institutions to coordinate and interact in common programmes with the Government, define major problems and propose solutions regarding children with disabilities and/or in irregular situations, women heads of households, alcoholism and drug addiction.

22. Support for the management of the Solidarity and Social Investment Fund (FOSIS). This organization for the eradication of poverty has received UNDP support for the execution of its various programmes. UNDP support will continue in order to optimize the Fund's activities.

23. Support for the management of the National Council for Narcotics Control (CONACE). Support will be given for the launching of the CONACE Fund in order to provide assistance, jointly with public and private institutions, universities and non-governmental organizations which carry out local consumption analyses, preventive activities and treatment and rehabilitation of drug addicts.

24. Cultural programme. UNDP assistance will help to define a cultural modernization programme involving strengthening of Chilean cultural identity, policy definition, legislative initiatives and programme orientation.

25. Consumer protection. UNDP cooperation will be provided through the Ministry of the Economy, which hopes to define a new institutional approach to relations between consumers, producers, and the State.

26. Urban management. The reuse of major real-estate holdings which, owing to the economic and technological transformation of production and distribution processes, have been left unused or under-used, opens up a useful opportunity for the cities. It is important that, during the period of the cooperation framework, UNDP assistance to the Urban Management Programme should continue, through the Ministry of Housing and Urban Development.

27. Infrastructure and improvement of health services. Through the Health Sector Improvement Plan, the Government is seeking to improve the health-care and quality-of-life situation of the population as a whole, particularly the most needy. UNDP support will be oriented towards improving the availability of services, increasing the quantity and quality of material infrastructure and clinical and laboratory equipment in order to provide appropriate and effective coverage for the needs of the population.

28. Renewal and modernization of university infrastructure. The purpose of the programme is to improve the quality and quantity of institutional scientific research by strengthening established research groups and providing them with essential material infrastructure.

29. Support for the National Institute for Agricultural Development (INDAP). UNDP will promote the operational capacity of INDAP to deal with agricultural emergency situations, and will contribute to making available better productive and technological alternatives for small-scale family agriculture, promoting its transformation and its full incorporation into the socio-economic development of the country.

30. The expected impacts in the social sector will be the achievement of greater equity by transforming social policy into an instrument of development and modernizing the design and management of government actions in the social sphere, through interinstitutional coordination, decentralization, and better focusing of activities. To improve the training and the entrepreneurial capacity of the target groups, improved access will be provided to the opportunities generated by the country's development. The State's actions will give priority to women, children, young people, older adults and persons with disabilities.

C. Environment

31. Environmental issues will be dealt with through projects financed by the Global Environment Facility (GEF). The projects entitled "Reduction of Greenhouse Gases" and "Educating Chile to Fulfil its Commitments under the United Nations Framework Convention on Climate Change" will continue. In the area of medium-scale projects, proposals will be prepared concerning the protection of biological diversity.

32. The Government is also interested in the continuation of the GEF small grants programme, which has supported about 30 projects of non-governmental organizations, grass-roots organizations and community organizations, mostly oriented towards protecting biological diversity and towards climate change at the local level.

33. The main expected impacts of UNDP actions in the environmental area will be: firstly, the reduction of greenhouse gas emissions and the protection and recovery of biodiversity, and secondly, the strengthening of governmental and non-governmental institutions for environmental management.

IV. MANAGEMENT ARRANGEMENTS

34. Execution and implementation. Taking into account the results achieved during the fifth programme, the Government considers it appropriate to continue with the national execution modality, under which the local UNDP office plays an important part in operations and in harmonizing the Government's own management rules and principles with those of the United Nations. Government organizations will continue to be used for project execution, in order to strengthen them and broaden their competence. Non-governmental organizations are frequently called upon for the development of particular areas, in order to broaden and enrich approaches, and for analyses and exchanges of ideas. Also, non-governmental organizations participate actively in the GEF Project Evaluation Committee.

35. The Agreement between the Government of Chile and UNDP, signed on 12 June 1995, provides for joint financing of projects; the Government may also make financial contributions to the Programme.

36. Given the high priority given to international cooperation in the country's foreign policy, it is considered essential that UNDP should continue to support the Government's actions, through the International Cooperation Agency, to improve the agenda and modalities of technical cooperation among developing countries (TCDC).

37. Monitoring and evaluation. During the period of the first cooperation framework, it will be necessary to intensify follow-up visits, periodic evaluations, and tripartite meetings involving officials of the concerned administrative departments, UNDP, and those responsible for each project, in the light of the excellent results obtained through such procedures in the past, in order to adjust implementation and monitor the attainment of goals.

38. Resource mobilization, strategy and goals. Given the limited UNDP core resources allocated to Chile, the Government has agreed to direct joint financing in an amount similar to that provided by UNDP; an agreement has been reached that the latter is to be used in programme areas which the Government considers to be of high priority in respect of decision-making and policy and programme formulation. Notwithstanding this, ways will be found to have the amounts allocated to the Programme complemented in each case by the beneficiary institutions and/or project participants.

39. For this reason, and in order to add momentum in the aforementioned areas and others, an intensive mobilization has been initiated through an injection of approximately $61.9 million in additional resources, which will make it possible to carry out the various tasks needed to maximize the effects of UNDP actions during the period of the first cooperation framework.

Annex

RESOURCE MOBILIZATION TARGET TABLE FOR CHILE (1997-1999)

(In thousands of United States dollars)

Source	Amount	Comments
UNDP CORE FUNDS		
Estimated IPF carry-over	(17)	
TRAC 1.1.1	1 516	Assigned immediately to country.
TRAC 1.1.2	0 to 66.7 per cent of TRAC 1.1.1	This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages would also be subject to availability of resources.
Other resources	100	Management of development and public administration.
SPPD/STS	133	
Subtotal	1 732[a]	
NON-CORE FUNDS		
Government cost-sharing	61 900	
Sustainable development funds GEF	3 000 of which: 3 000	
Third-party cost-sharing	-	
Funds, trust funds and other UNV	111 of which: 111	
Subtotal	66 011	
GRAND TOTAL	66 743[a]	

[a] Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.

Abbreviations: GEF = Global Environment Facility; IPF = indicative planning figure; SPPD = support for policy and programme development; STS = support for technical services; TRAC = target for resource assignment from the core; and UNV = United Nations Volunteer programme.